

MACIAS GINI & O'CONNELL, LLP

Review Report

QUALITY CONTROL REVIEW

For the Firm's Audit of the
California Institute for Regenerative Medicine
for the Fiscal Year Ended June 30, 2019



BETTY T. YEE
California State Controller

November 2020



BETTY T. YEE
California State Controller

November 4, 2020

Richard Green, CPA, Partner
Macias Gini & O'Connell, LLP
3000 S Street, Suite 300
Sacramento, CA 95816

Dear Mr. Green:

The State Controller's Office completed a quality control review of Macias Gini & O'Connell, LLP. We reviewed the audit working papers for the firm's audit of the California Institute for Regenerative Medicine for the fiscal year ended June 30, 2019.

As mutually agreed at the exit conference on October 16, 2020, we will not issue a draft report.

If you have any questions, please contact Joel James, Chief, Financial Audits Bureau, by telephone at (916) 323-1573.

Sincerely,

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

JLS/ac

cc: Craig Harner, CPA, Manager
Macias Gini & O'Connell, LLP
Maria T. Millan, President and Chief Executive Officer
California Institute for Regenerative Medicine
Independent Citizens' Oversight Committee
California Institute for Regenerative Medicine
Financial Accountability Oversight Committee

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Review Report

Summary

The State Controller's Office (SCO) completed a quality control review of Macias Gini & O'Connell, LLP's working papers for the audit of the California Institute for Regenerative Medicine (CIRM) for the fiscal year ended June 30, 2019.

The firm's audit was performed in accordance with the standards and requirements set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States, often referred to as generally accepted government auditing standards (GAGAS); auditing standards generally accepted in the United States of America; and the California Business and Professions Code.

Background

CIRM is a California state agency formed pursuant to the provisions of Proposition 71 approved by California voters in November 2004. Proposition 71, the California Stem Cell Research and Cures Initiative, amended the California Constitution by adding an article thereto, amended a section of the California Government Code, and added sections to the California Health and Safety Code. The purpose of the legislation was the formation of the institute to:

- Make grants and loans for stem cell research, for research facilities, and for other vital research opportunities to realize therapies, protocols, and/or medical procedures that will result in, as speedily as possible, the diagnosis, treatment, and cure for, and/or substantial mitigation of, major diseases, injuries, and orphan diseases.
- Support all stages of the process of developing treatments and cures, from basic research and discovery through preclinical and translational research to the conduct of successful clinical trials.
- Establish the appropriate regulatory standards and oversight bodies for research and facilities development.

Health and Safety Code Section 125290.30 requires the institute to "annually commission an independent financial audit of its activities from a certified public accounting firm, which shall be provided to the State Controller, who shall review the audit and annually issue a public report of that review."

Macias Gini & O'Connell, LLP is an independent certified public accounting firm with U.S. offices located in Sacramento, Century City, Beverly Hills, Los Angeles, Newport Beach, San Diego, San Francisco, San Jose, Walnut Creek, Woodland Hills, Boca Raton, Chicago, and New York. The firm has been the independent auditor for the CIRM since fiscal year 2005-06.

**Objective, Scope,
and Methodology**

The general objective of our quality control review was to determine whether this audit was conducted in compliance with GAGAS, auditing standards generally accepted in the United States of America, and the California Business and Professions Code.

We conducted the quality control review at the Sacramento SCO office. We compared the audit work performed by the firm, as documented in the working papers, with the standards stated in the general objectives.

Conclusion

Macias Gini & O'Connell, LLP's audit was performed in accordance with the standards and requirements set forth in GAGAS, auditing standards generally accepted in the United States of America, and the California Business and Professions Code.

This report is applicable solely to the audit working papers referred to above and is not intended to pertain to any other work of Macias Gini & O'Connell, LLP.

Firm's Response

We discussed the review results with Craig Harner, CPA, Manager, on October 16, 2020. Mr. Harner agreed with the review results presented in this report, declined a draft report, and agreed that we could issue the report as final.

Restricted Use

This report is intended solely for the information and use of the CIRM, Macias Gini & O'Connell, LLP, and the SCO; it is not intended to be and should not be used for any other purpose. This restriction is not meant to limit distribution of this report, which is a matter of public record.

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

November 4, 2020

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

<http://www.sco.ca.gov>